

SECRET

DDP-7101-59

20 October 1959

MEMORANDUM FOR THE RECORD**SUBJECT**

1. Report of visit to Baird-Atomic, Inc., and
Perkin-Elmer Corporation on 13 and 14 October
1959

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2. On 13 October, Messrs John Farangosky, [redacted]
[redacted] and the undersigned visited Messrs [redacted]
at Baird-Atomic, Inc. The results of the meeting are included in
Mr. Farangosky's trip report.

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2. On 14 October, the undersigned visited Perkin-Elmer and
discussed a number of areas of concern with [redacted]
[redacted]

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A. Facilities.

The Contractor has requested and we have furnished
a number of facilities. In order to insure that the Agency was
not providing an inequitable share of these facilities (which nor-
mally are furnished in part at least, by the Contractor) an item by
item analysis was undertaken:

(1) Leases, Alterations & Modifications thereto:

The Company had just completed an addition to
its main plant, so that no further leasing of space would be re-
quired. (The Company was getting ready to terminate the lease on
the Post Road Plant). The security requirement for a separate
facility and the cost thereof was originally to be a direct cost
to our contract but now is an overhead item. However, if we should
terminate before 31 August 1962, an adjustment will be required on
leased space. Alterations and modifications thereto were a direct
charge to the contract.

**(2) Tooling, Furniture, Office Equipment and Test
Equipment:**

The Contractor stated that their Company policy
is to charge all projects with special tooling and test equipment.
A few additional pieces are being purchased which duplicate the
main facility. However, the Contractor feels these will easily
pay for themselves by savings in engineering hours which would be
lost in travel between the Post Road and Main Plant.

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The Contractor indicated that they have no current or forecasted requirement for additional furniture and office equipment. After the program is over, they will review their requirements and if a Company need exists for these items, they will make reasonable offers in accordance with a prenegotiated formula which will appear in the contract. This will prevent nominal offers.

(3) Guard Service:

This is a security requirement and necessary under this contract. Further, to place this item in overhead would undoubtedly raise questions by the AF Contracting Officer.

(4) Station Wagon rental:

The motor pool could be used but delays will result. Therefore, for efficiency of operation this item was considered necessary. Furthermore, the item will probably pay for itself in engineering hours saved waiting for a vehicle from the motor pool.

B. Fee.

A general discussion of fee was held. The undersigned stated that we should receive a fee lower than the [] presently in effect on the next phase since we are furnishing or accepting as direct charges under our contract many items normally Contractor furnished or included in the overhead. The Contractor, while agreeing that some items over and above those normally furnished were included in the above listings that we were also using the main plant and should participate fully in the overhead pool. While the undersigned feels there is little likelihood of a lower fee proposal on the part of the Contractor, it is an area which will be further explored.

C. Subcontracting

The Contractor advised that subcontracting would be of a minor nature in contrast to the prior CHALICE program.

D. The Post Road plant was visited and will be completed within the next few weeks.

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Distribution:

- 1 - DD/P
- 1 - A/CH/DPD
- 1 - Ch/Mat/DPD
- 1 - Ch/IB/DPD
- 1 - ODS/DPD
- 1 - Ch/Admin/DPD
- 1 - Chrono, DPD
- 1 - Contracts/DPD

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Chief, Contracts Branch, DPD